Farm sector representatives were invited by the Finance Minister as part of the pre-budget discussions.

(b) A number of suggestions were made particularly in the area of improving rural infrastructure, post-harvest technology, removing restrictions of movement of agricultural commodities etc., which has received careful attention of the Government.

(c) Policy of exports of agricultural products forms an integral part of the Export Import Policy of the country. The policy regarding exports of agricultural products is governed principally by the concerns of India's food security, maximising farm incomes of earning foreign exchange. Review of export performance of agricultural products is an on-going process, and accordingly, policy interventions are made as and when considered necessary, with a view to making agricultural exports increasingly viable.

The exports of APEDA scheduled products made by EOUs/EPZs/ SEZs have been exempted from payment of cess of 0.5% that would be applicable under the Agricultural and Processed Food Products Export Cess Act, 1985, with effect from 17.1.2001.

Cess on export of spices has also since been rationalised and now is levied @ 0.5% on all items of spices.

Frauds in exports to Russia

620. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that during the recent raids conducted by the Enforcement Directorate in Mumbai, a multi crore fraud of Indian exporters to Russia came to light;

(b) if so, what are the details thereof stating the amount involved and the modus operandi of the exporters involved in the fraud; and

(c) what action has been taken by the Government in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) Yes, Sir.

(b) On the basis of documents recovered by the Enforcement Directorate and subsequent interrogation of persons involved, it is

suspected that certain unscrupulous exporters were abusing the policies governing exports from India to Russia against Repayment of State Rupee Credits. Among other things, overinvoicing and hawala payment abroad of large amounts are suspected.

(c) Eight persons involved in the alleged fraud, were arrested.

Delinking of G.I.C. from its subsidiaries

621. SHRI RAJNATH SINGH 'SURYA': Will the Minister of FINANCE be pleased to state:

(a) Whether there is a move for delinking General Insurance Corporation from its subsidiaries;

(b) if so, the reasons therefor; and

(c) what would be the fate of the ownership of its subsidiaries in the after-math of such delinking?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Yes, Sir. Under the law, an insurance company can carry on either life insurance business or general insurance business or re-insurance business. Since General Insurance Corporation (GIC) has been declared as "Indian Re-insurer", it cannot carry on general insurance business either directly or through its subsidiary companies. Therefore a decision has been taken to de-link GIC from its subsidiaries. A Bill to that effect will be introduced in the current session of the Parliament.

(c) The ownership of subsidiaries of GIC will be transferred to the Government after such delinking.

Economic strategy for generation of resources

622. SHRI C.O. POULOSE: Will the Minister of FINANCE be pleased to state:

(a) Whether Government's attention has been drawn to the lecture delivered by the RBI Governor who at the 18th C.D. Deshmukh Memorial said that the most striking failure of India's economic strategy in the past 50 years has been the erosion of